

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 1459-01  
BILL NO.: HB 610  
SUBJECT: Health Care; Public, Health; Insurance - Medical  
TYPE: Original  
DATE: March 12, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
General Revenue	\$0	(\$748,697)	(\$283,667,250 to Unknown)
County Insurance Tax	\$0	\$0	(\$23,500,000)
Insurance Dedicated	\$0	\$0	(\$125,554)
Conservation	\$0	\$0	(\$7,500,000)
Highway	\$0	\$0	(\$7,511,426)
Missouri Health Care Trust	\$0	\$0	(Unknown)
Health Professional Education and Training	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$322,304,230 TO UNKNOWN)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
Federal funds	\$0	Unknown	Unknown

<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>UNKNOWN</b>	<b>UNKNOWN</b>
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<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>Local Government</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 15 pages.

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

This proposal would become effective if approved by the voters in the general election to be held on the Tuesday following the first Monday in November, 2002. Section A of this proposal would become effective April first of the year following notice to the revisor of statutes that a waiver had been obtained from the Secretary of the Department of Health and Human Services. The health premium surcharge and the income tax surcharge would apply to all tax years beginning on or after January first of the year following receipt of notice that appropriate waivers had been obtained. The small employer tax credits would apply to five consecutive tax years beginning on or after January first of the first year following notice by the revisor of statutes that appropriate waivers had been obtained.

The **Office of State Courts Administrator**, the **Department of Health**, the **Department of Public Safety**, and the **Department of Economic Development** assume this proposal would not fiscally impact their agencies.

The **Coordinating Board for Higher Education (CBH)** assume that because health coverage for it's employees is provided by the state there would be no fiscal impact on CBH. CBH states the fiscal impact on institutions of higher education is unknown although an impact is likely.

The **Department of Insurance (INS)** estimates that over \$47 million in total accident and health insurance premium tax was collected in 1999. The premium tax revenue is split evenly between general revenue and the County Foreign Insurance Fund. This proposal would eliminate this revenue. In addition, INS states they are an agency of the state and would be required to pay the health premium surcharge of 12% beginning January 1<sup>st</sup>, 2004, if approved by voters in November, 2002. INS estimates personal service appropriations to be \$5,035,580 in FY2002.

ASSUMPTION (continued)

The estimated surcharge amount would be \$604,270 annually. Currently INS costs for insurance through the Missouri Consolidated Health Care Plan is approximately 5.6% of gross wages. This would result in costs of \$478,716 in FY02. Therefore, this proposal would result in annual additional costs to the Insurance Dedicated Fund of \$125,554.

The **Department of Conservation (MDC)** states the proposal would have a significant impact on MDC funds. MDC estimates that 12% of payroll would equate to an increase of \$7,500,000 to MDC's current insurance plan.

The **Department of Mental Health (DMH)** assumes that Title XVIII and Title XIX money will now be deposited into the Missouri Health Care Trust Fund rather than general revenue or the general revenue reimbursement fund (GRRF). For fiscal note purposes, DMH assumes that all money they currently deposit into the GRRF will be deposited into general revenue beginning FY200. In FY00, DMH recovered \$221,285,385. DMH assumes all of this money would now be deposited into the trust fund. DMH states that this proposal does not represent a loss of funds to the state. Instead, these funds would be used to provide medical services to persons through the Missouri Health Care Trust Fund. If the program chooses DMH as a provider of services, the fiscal impact to DMH would depend on the payments made to them under the new plan in relation to current general revenue funding. If the program chooses not to utilize DMH as a provider, there could be a loss of funding to the department. DMH assumes that COA will include the employer surcharge in their fiscal note impact for all state employees.

**Southwest Missouri State University (SMSU)** officials estimate they would expect to incur a cost of \$10,920,000 for the health care surcharge described in this proposal. SMSU currently pays \$5,452,645 to cover its employees' health care insurance. Therefore, SMSU assumes this proposal would result in additional annual costs of approximately \$5,452,645.

The **Department of Transportation (DHT)** officials assume the effective date would be January 1, 2004 due to this proposal going to the vote of the people in November, 2002. Once passed, the board must apply for waivers from the Federal Government. Not until the January of the year following the receipt of these waivers from the Federal Government is the proposal effective. It is unlikely that these waivers would be received during their application year of 2002 but would actually be received in 2003. Therefore, the program would begin collecting surcharges the following calendar year (2004). However, due to the timing of the fiscal year, FY2004 will only show an impact for 6 months (January to June). To compute the surcharge, DHT's FY00 payroll of \$227,780,720 was increased by an inflation rate of 2.5% for each year and then multiplied by 12%. DHT employees are paid from the General Revenue, Federal, Highway, and State Transportation funds. DHT assumes the 12% surcharge to fund this proposal would come from these various funds and therefore, this proposal would impact these funds for

ASSUMPTION (continued)

FY04 as follows: General Revenue, \$42,193; Federal, \$20,271; Highway, \$15,022,851; and State Transportation, \$323. DHT also assumes that the Highway and Patrol Medical Plan would no longer be needed. To compute the estimated appropriation request of \$23,761,387 for the medical plan in FY04, DHT inflated the FY02 request by 4% per year. Since the plan would no longer be needed, this represents a cost savings. The cost savings for FY04 are as follows: General Revenue, \$33,229; Federal, \$15,964; Highway, \$11,831,246; and State Transportation, \$254. Additionally, based on the assumption that the Highway and Patrol Medical Plan would no longer be needed, there would be a potential reduction in staff of approximately 50% which totals \$150,000 for a full year. However, DHT assumes the reduction would occur through attrition and therefore, no exact titles can be provided. There would also be an estimated expense and equipment savings of \$5,000 for a full year related to the reduced staff.

**Oversight** has presented the fiscal impact for the Highway Fund only as the fiscal impact on General Revenue, Federal, and Road funds were minimal.

The **Department of Labor (DOL)** assumes that salaries which would be paid in FY 99 would be \$52,469,646 resulting in an employer surcharge of \$6,296,358 to DOL. The FY 99 employee benefit rate of \$150 per month for each full-time employee would total \$3,223,800 for the DOL. This results in a net increase in costs totaling \$3,072,558. **Oversight** assumes the Office of Administration will calculate the increased benefit costs for all state employees.

**Central Missouri State University** officials assume this proposal would result in unknown increased costs.

The **Department of Elementary and Secondary Education (DES)** assume that salaries which would be paid in FY01 would be \$81,631,270, resulting in an employer surcharge of \$9,795,752. DES states the rate of reduction of the workers' compensation insurance is not stated; therefore, the net fiscal impact cannot be estimated. However, DES estimates that costs will exceed \$100,000. **Oversight** assumes the Office of Administration will calculate the increased benefit costs for all state employees.

The **Office of Secretary of State (SOS)** did not respond to our fiscal impact request. However, in respond to a similar proposal last session, SOS state that the statewide public notice of the ballot issue would be published in selected newspapers throughout the state. Based on the actual publication costs of the November, 1998 election, SOS estimated the publication costs for this thirty page proposal to be approximately \$744,600. These costs would be paid from general revenue. SOS also noted that if the governor calls a special election, the fiscal impact could exceed \$1,000,000, depending on the date of the special election.

ASSUMPTION (continued)

SOS also assumed the proposal would require the printing of additional pages in the Missouri Register and the Code of State Regulations and have estimated a publishing and distribution cost of \$2,214 for FY 02. Additionally, future costs were unknown and depended upon the frequency and length of rules filed, amended, rescinded or withdrawn. While this proposal alone did not require SOS to acquire additional staff, SOS assumed the cumulative effect of additional Register and Code publishing duties could, at some point, require additional staff. Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple proposals pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

**Missouri Western State College** officials estimate that the surcharge would result in costs of \$1,968,138, \$2,027,183, and \$2,087,999 in FY02, FY03, and FY04, respectively.

**Truman State University** officials report that the 12% surcharge would result in costs of \$3,592,955 annually. The cost of its current plan is \$1,706,155 for an increased cost of \$1,886,800.

The **Department of Social Services, Division of Medical Services (DMS)** assumes that the population (Medicaid) would be the same whether they were served by the new entity or contracted to DMS to administer. DMS assumes that institutional care would remain constant regardless of the administering agency. To the contrary, independent providers shall be reimbursed on a fee-for-service schedule that is anticipated to represent usual and customary charges (UCR). As current Medicaid reimbursement for non-institutional providers, in many cases, represent less than UCR, costs are expected to increase. If the negotiated reimbursement were to reflect 100 % of UCR, DMS anticipates that additional costs of \$340,000,000 would be realized. This figure is derived through calculating the difference between current reimbursement for the dental, ambulance, and physician programs and the cost for these services at 100% of UCR. A dental program fee increase decision item was developed for the FY2001 budget in which procedures were identified by current Medicaid reimbursement and UCR. This resulted in a difference of \$34 million. A physician program fee increase decision item was developed for the FY99 budget. An increase of \$300 million would be needed to bring physician fees up to 100% of UCR. Similarly, an ambulance fee increase was developed and requested in the FY 98 budget in which Medicaid rates were compared to Medicare (UCR) rates (\$6 million).

The loss of the advantage of competitively bidding managed care contracts would result in additional costs of over \$21,000,000 or five percent of current Missouri Care Plus (MC+) payments. DMS cannot arrive at an actual dollar increase to Medicaid; however, they estimate an increase exceeding \$100,000 annually. No impact for FY 01 is anticipated due to the time

ASSUMPTION (continued)

frames involved in waiver applications and implementations. No cost to DSS is associated with the DSS director serving on the Board of Governors, as all expenses would be paid from the Health Care Trust Fund.

**Oversight** notes that based on DOS FY 99 budget for the provision of medical services through the Medicaid program (\$2,595,809,000), a base figure of \$1,038,323,600 would be used to estimate federal matching funds which would be deposited in the General Revenue Fund annually for appropriation to the plan after the required waiver would be obtained. For fiscal note purposes, Oversight has represented **unknown** costs associated with personal services and expense and equipment for DMS as being saved by the state because the state's Medicaid program as it now exists would no longer be in place. Depending on the provisions of the waivers, if obtained, some of the functions of the DMS could be required to be performed by the Missouri Universal Health Assurance Program.

**Missouri Consolidated Health Care Plan (HCP)** officials state the proposal would require employers with more than 499 employees to pay 12% of payroll into the insurance fund. The state's contribution for employee health care would fall into this category. HCP estimates that the first year cost of this program would be \$24,859,791 more than the cost of the current medical plan options. HCP assumes a six percent inflation factor in future fiscal years. HCP also estimates the first year cost of this program for public entities would be \$76,185,843 more than the cost of the current medical plan options.

The **Office of Administration (COA)** has projected the income which would result from the imposition of a surcharge on each individual's adjusted gross income using an Individual Tax Simulator. The estimate of the tax base for the health insurance premium surcharge was based on wage and salary data provided by the U.S. Department of Commerce, Bureau of Economic Analysis (Annualized 1994 second quarter).

COA estimates the premium tax on employers would generate revenues of \$5,685,000,000 for the Health Care Trust Fund. In addition, COA estimates the surcharge tax on individuals would generate \$690,000,000 in revenues for the Health Care Trust Fund.

COA states that the gross wages paid to all state employees in FY00 equaled \$3,082,000,000. The 12.0% surcharge on that amount would accrue to various funds and would have been \$369,840,000 in FY00. This figure includes wages paid to employees of all state agencies and would accrue to various state funds. **Oversight**, will present the 12% surcharge for Department of Conservation and Department of Transportation employees separately from the rest of the state government employees.

ASSUMPTION (continued)

COA notes that the employer premium tax on wages would have a direct effect on business and corporate income taxes by increasing operating expenses. COA is not able to determine what the amount of lost business and corporate income taxes would be.

The **Department of Natural Resources (DNR)** states that they will be required to pay a twelve percent health premium surcharge. Based on a FY2000 personal service budget of \$64,970,279, a twelve percent surcharge would be \$7,796,433. Using the same personal service budget of \$64,970,279 minus \$158,905 for part-time, seasonal employees ineligible for state medical coverage, approximately \$3,982,702 would be transferred from DNR's funds, if all employees eligible for coverage elected coverage.

The **Department of Revenue (DOR)** did not respond to our fiscal impact request. However, in their response to a similar proposal from a previous session, DOR assumed they would need additional FTE within the Division of Taxation and Collection, and outside contractors to implement this proposal. DNR assumes the Central Processing Bureau would need fourteen Clerks I for mail extraction and to pre-sort the 1.3 million employer forms and 2.4 million returns; and two clerks I to operate two new remittance processors which cost \$5,500 each.

DOR assumes the Tax Administration Bureau would require six Tax Processing Technicians I to work with withholding errors and twelve Tax Processing Technicians to work with individual return type errors for the expected 20% error rate.

DOR assumes the Collections Bureau would require eighteen Tax Processing Technicians I to be responsible for processing correspondence, bankruptcy claims, and petitions, and handling incoming and outgoing telephone calls associated with billings and non-filer notices. The Collections Bureau would also need four Clerks I to support the Tax Processing Technicians, eight Tax Service Representatives I to pursue delinquent and non-filer employers, and one Clerk I to support these additional FTE.

DOR assumes the Information Systems Division would need three Programmer Analysts II to be responsible for new programming and maintenance of programs, and one Senior System Analyst to supervise the Programmer Analysts and contract programmers. Contract programmers would also be needed for 550 hours in FY00 and 22,000 hours in FY 01, at costs of \$62,576 and \$2,593,250, respectively. State Data Center costs are anticipated at \$19,822 in FY 00, \$122,223 in FY 01, and \$40,578 in FY 02. Oversight has adjusted all costs estimates for inflation.

ASSUMPTION (continued)

For purposes of this fiscal note, **Oversight** assumes:

1. Should the proposal be approved by the voters in a general election in November, 2002,
2. the health premium surcharge on employers and the individual income tax surcharge would be levied on the wages paid or received in the taxable year beginning January 1, 2004.
3. In accordance with projections made by DOS officials, the waiver which would be required by this proposal would become effective prior to January, 2004, and the federal financial participation for Medicaid and Medicare would begin to accrue to the plan at that time.
4. In accordance with the provisions of this proposal, the Missouri Universal Health Care Plan would become effective on April 1, 2004.
5. The state would pay both the surcharge and premiums for health care coverage for employees from January 1, 2004, to April 1, 2004. Further, all state-financed insurance plans would be dropped as of April 1, 2004.
6. Expenditures for health care in Missouri are in line with those across the United States. The Health Care Financing Administration states that the per capita expenditure for health care in the United States was \$3,800 in 1997 and can be used as a basis for projecting statewide costs. The 1990 census of Missouri's population was 5,117,073. Further, increases in health care costs since 1993 have been approximately 5% annually.
7. Health care costs which would be covered by the plan and are currently paid by state agencies from a number of funds which would accrue to the Missouri Health Care Trust Fund and be saved by the current fund. Further, these costs would be included in projections made based on per capita cost of health care. Agencies affected would include the Department of Elementary and Secondary Education, Department of Corrections, Department of Labor, Department of Health, Department of Mental Health, etc. The 12 % employer surcharge tax for health care premiums for the Departments of Conservation and Transportation will be presented separately. The 12% surcharge for the rest of the state employees will be presented under the Office of Administration.
8. After April 1, 2004, growth in health care expenditures would be limited to "2% above the total percentage increase in the state's gross domestic product for the previous year".



<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004 (6 Mo.)
<b>GENERAL REVENUE FUND</b>			
<u>Income - Department of Social Services</u>			
Medicaid reimbursements	\$0	\$0	Unknown
<u>Savings - Department of Social Services</u>			
Possible elimination or cutback in Division of Medical Services	\$0	\$0	Unknown
<u>Costs - Department of Revenue</u>			
Personal service (69 FTE)	\$0	\$0	(\$1,161,407)
Fringe benefits	\$0	\$0	(\$347,145)
Expense and equipment	<u>\$0</u>	<u>\$0</u>	<u>(\$874,187)</u>
Total <u>Costs</u> - Department of Revenue	<u>\$0</u>	<u>\$0</u>	<u>(\$5,551,620)</u>
<u>Loss - Department of Insurance</u>			
Insurance premium tax	\$0	\$0	(\$23,500,000)
<u>Costs - Secretary of State</u>			
Election costs	\$0	(\$748,697)	\$0
<u>Costs - Office of Administration</u>			
Fringe benefit surcharge for state employees other than DOC and DHT employees	\$0	\$0	(\$173,658,575)
<u>Cost - Department of Mental Health</u>			
Medicaid reimbursements	\$0	\$0	(\$80,957,055)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*</b>	<u><b>\$0</b></u>	<u><b>(\$748,697)</b></u>	<u><b>(\$283,667,250</b></u> <u><b>TO</b></u> <u><b>UNKNOWN)</b></u>

**\*Does not include possible income  
 and/or cost for Medicaid  
 reimbursements from the Department  
 of Social Services, Division of Medical  
 Services.**

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004 (6 Mo.)
<b>COUNTY INSURANCE TAX FUND</b>			
<u>Loss - Department of Insurance</u>			
Insurance premium tax	<u>\$0</u>	<u>\$0</u>	<u>(\$23,500,000)</u>
<b>ESTIMATED NET EFFECT ON COUNTY INSURANCE TAX FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>(\$23,500,000)</b></u>
<b>INSURANCE DEDICATED FUND</b>			
<u>Costs - Department of Insurance</u>			
Fringe benefit surcharge	<u>\$0</u>	<u>\$0</u>	<u>(\$125,554)</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>(\$125,554)</b></u>
<b>CONSERVATION FUND</b>			
<u>Costs - Department of Conservation</u>			
Fringe benefit surcharge for employees	<u>\$0</u>	<u>\$0</u>	<u>(\$7,500,000)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>(\$7,500,000)</b></u>
<b>HIGHWAY FUND</b>			
<u>Costs - Department of Transportation</u>			
Fringe benefit surcharge for employees	<u>\$0</u>	<u>\$0</u>	<u>(\$7,511,426)</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>(\$7,511,426)</b></u>

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004 (6 Mo.)
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**MISSOURI HEALTH CARE TRUST  
FUND**

Income - Office of Administration

Employer premium tax*	\$0	\$0	\$2,842,500,000
Individual surcharge tax	<u>\$0</u>	<u>\$0</u>	<u>\$345,000,000</u>
Total Income - Office of Administration	<u>\$0</u>	<u>\$0</u>	<u>\$3,187,500,000</u>

Income - Department of Social Services

Medicaid reimbursements	\$0	\$0	Unknown
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**\*Includes premium tax paid by the  
state for all state employees.**

Costs - Missouri Health Care Trust Fund

The plan could become effective on April 1, 2003, at which time costs to administer the plan (staff, Board of Governor's expense, Regional Advisory Council expenses, etc.) and to provide health care benefits at costs, which would be negotiated by the Board of Governors as specified in the proposal, would be borne by the Fund. Using HCFA per capita, 1990 census figures for Missouri and 5% annual increases in health care costs, it is projected that expenditures from the Fund for benefits would equal \$6,842,708 for three months in FY2004. Administrative costs would be capped at four percent of the income generated from the various sources. A reserve equal to expenditures in the preceding three months would be required.

**ESTIMATED NET EFFECT ON  
MISSOURI HEALTH CARE TRUST  
FUND\***

<u>\$0</u>	<u>\$0</u>	<u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004 (6 Mo.)
<b>*Does not include possible income and /or costs for Medicaid reimbursements from the Department of Social Services - Division of Medical Services.</b>			
<b>HEALTH PROFESSIONAL EDUCATION AND TRAINING FUND</b>			
<u>Income</u>			
Federal government and other	\$0	\$0	Unknown
<u>Costs</u>			
Personal services, expense and equipment	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON HEALTH PROFESSIONAL EDUCATION AND TRAINING FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>FEDERAL FUNDS</b>			
<u>Savings - Department of Social Services</u>			
Possible elimination or cutback in Division of Medical Services	\$0	\$0	Unknown
<u>Loss - Department of Social Services</u>			
Medicaid funding	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>UNKNOWN</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004 (6 Mo.)
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**ALL LOCAL GOVERNMENTS**

Savings - All Local Governments

Health insurance programs	\$0	\$0	Unknown
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Costs - All Local Governments

Fringe benefits	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON ALL  
LOCAL GOVERNMENTS**

<u>\$0</u>	<u>\$0</u>	<u>(UNKNOWN)</u>
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FISCAL IMPACT - Small Business

Small businesses would expected to be fiscally impacted to the extent that they would incur additional administrative costs and additional payroll tax expense due to the requirements of this proposal.

DESCRIPTION

This proposal would submit to the voters of the state a proposal for the Missouri Universal Health Assurance Program, which would establish a single, publicly-financed statewide health insurance program. A board of governors composed of 19 members would administer the program and would be required to establish the program's policy and budget, control capital expenditures, set fee schedules, approve coverage offered by the program, conduct utilization review, and employ staff. The board would be assisted in its policy development activities by advisory councils in 6 regional health policy planning and development districts to be designated by the Director of the Department of Health. The board and the advisory councils would annually develop a comprehensive state health care plan. Funding for the comprehensive health care plan would be administered by the board through the Missouri Health Care Trust Fund. Allocations to the fund would include all federal payments received from waivers granted under health care programs established by the Social Security Act, appropriations by the General Assembly to the program, health premium surcharges paid by all employers, and health premium surcharges based on the Missouri adjusted gross income of resident individuals. The surcharge paid by employers would be calculated as a percentage of the total amount paid in wages by the employer. The percentage ranges from 5% for employers with fewer than 5 employees to 12% for employers with 500 or more employees. Surcharges paid by resident individuals would range from 1.2% on Missouri adjusted gross income of over \$5,000 up to \$25,000 to \$1,425 plus 3.6% on Missouri adjusted gross income over \$100,000. The proposal would establish a tax credit for

DESCRIPTION (continued)

employers that employ 25 or fewer employees. Every Missouri resident, regardless of pre-existing conditions, would be entitled to receive covered services under the program if the service would be deemed by the patient and participating provider to be necessary for the maintenance of physical and mental health. Cosmetic surgery, medical examinations conducted for obtaining life insurance or participating in a civil action, and custodial care rendered in a nursing home would be specifically excluded from coverage. The program would reimburse institutional providers of inpatient services through a budget negotiated by the provider to cover its anticipated services. The program would reimburse independent providers of health care services based on a fee schedule negotiated annually with a professional association chosen by the members of each health care profession. The provisions of the proposal would become effective only upon approval by the voters of the state and then on April 1 of the year following notice to the Revisor of Statutes that the Department of Social Services has obtained a waiver from the Secretary of the U. S. Department of Health and Human Services.

This legislation is not federally mandated, would not duplicate any other program and would require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Conservation  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health  
Coordinating Board for Higher Education  
Department of Transportation  
Department of Insurance  
Department of Labor and Industrial Relations  
Department of Natural Resources  
Department of Mental Health  
Department of Social Services  
Department of Public Safety  
Office of State Courts Administrator  
Office of Secretary of State  
Missouri Consolidated Health Care Plan  
Central Missouri State University  
Southwest Missouri State University  
Harris-Stowe College  
Missouri Western College  
University of Missouri  
Truman State University

**NOT RESPONDING: Department of Corrections**



Jeanne Jarrett, CPA  
Director  
March 12, 2001